

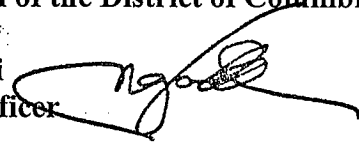
Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: June 14, 2010

SUBJECT: Fiscal Impact Statement – “Hurt Home Disposition Approval Resolution of 2010”

REFERENCE: Draft Resolution as shared with the OCFO on June 7, 2010– No Number Available

Conclusion

Funds are sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed resolution, based on the terms of the draft lease and land disposition agreements, which continue to be negotiated. The proposed disposition of the District-owned property would result in a reduction of District real property assets of approximately \$9.5 million.¹ However, since assets are not included in the budget and financial plan, the disposition of the property will have no direct fiscal impact on the District’s budget and financial plan.

Background

The proposed legislation would authorize the Mayor to sell the District-owned property commonly known as the Hurt Home located at 3050 R Street, NW in Square 1282, Lot 276. The property, approximately 43,869 square feet of land, contains the Hurt Home building, which is a 33,304 square foot vacant building. The Mayor intends to sell the property to a partnership consisting of Argos Group of Washington, DC, Potomac Investment Properties of Washington, DC, Michael Gerwiz, Dennis Cotto, and Gilberto Cardenas (“Developer”).

¹ A third party appraisal was conducted by an appraiser hired by the Office of the Deputy Mayor for Planning and Economic Development to estimate the Fair Market Value of the property in its “As Is” i.e. present state of condition. The property was appraised at \$ 6,093,000.00.

The property will be redeveloped into 35 for-sale residential units. Twelve of the units will be sold at a price affordable to households at 60 percent and 80 percent of Area Median Income. The sales price of the property from the District to the Developer will be negotiated, but has not been included in the legislation. The Office of Tax and Revenue has a tax assessed value for the property for FY 2011 of \$9,456,500².

The Developer is also required to enter into an agreement with the Mayor to contract with Certified Business Enterprises (CBE) for at least 35 percent of the contract dollar volume of the project, and to require at least 20 percent equity and 20 percent development participation of CBEs. Additionally, the Developer is required to enter into a "First Source Agreement" with the District requiring it to hire certain levels of District residents for new jobs created as a result of construction on the property.

Financial Plan Impact

Funds are sufficient in the proposed FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed resolution. The proposed disposition would result in a reduction of District real property assets of approximately \$9.5 million. Since assets are not included in the budget and financial plan, the disposition of the property through a long-term lease will have no direct fiscal impact on the District's budget and financial plan.

² https://www.taxpayerservicecenter.com/RP_Detail.jsp?ssl=1282%20%20%20%200276